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FILED IN THE
U.S. DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

FEB 22 2012

JAMES R. LARSEN, CLERK
DEPUTY
SPOKANE, WASHINGTON

6 UNITED STATES DISTRICT COURT
7 EASTERN DISTRICT OF WASHINGTON

8 UNITED STATES OF AMERICA,

9 Plaintiff,

10 vs.

11 DEBRA VAN BRUNT-OREIRO dba,
12 ADJR COUNSELING SERVICES,

13 Defendant.

CR-12-27-JLQ

INDICTMENT

Vio: 18 U.S.C. § 1347
Health Care Fraud
(Counts 1-21)

15 The Grand Jury Charges that at all times material hereto, unless otherwise
16 alleged:

I. General Allegations

17 1. ADJR COUNSELING SERVICES, LLC (“ADJR”), was a facility
18 located in Omak, Washington, in the Eastern District of Washington, which
19 provided mental health counseling and therapy services to the local communities
20 of Okanogan and Ferry Counties, whose clients are primarily Colville
21 Confederated Tribal members and their families.

22 2. The Defendant, DEBRA VAN BRUNT-OREIRO (“OREIRO”),
23 was a resident of Okanogan County, Washington, in the Eastern District of
24 Washington, and the owner and primary medical provider associated with ADJR
25 Counseling Services. OREIRO was licensed to practice as an independent social
26 worker in the State of Washington on January 29, 2002, under License Number
27 LW00006875. This license was current and was set to expire on October 21, 2012.
28

1 OREIRO also maintained an active Practical Nurse License (LP00055397) in the
2 State of Washington that was also set to expire on October 21, 2012.
3

4 3. The Colville Confederated Tribe (“CCT”) was comprised of more than
5 nine thousand descendants of 12 aboriginal tribes of Native Americans. The CCT
6 land base covered twenty-one thousand square acres in North Central Washington,
7 primarily within the areas of Okanogan and Ferry Counties. The CCT Behavioral
8 Health Unit was established to serve the mental health needs of tribal members.
9 The CCT also contracted a portion of its mental health services out to independent
10 health care providers.

11 4. The CCT held medical provider contracts with the Washington State
12 Medicaid Program (“Medicaid”), a public health care benefit program within the
13 meaning of Title 18, United States Code Section 24(b). Through this contractual
14 arrangement, the CCT submitted claims for reimbursement to Medicaid for services
15 provided to eligible tribal members and their families under Medicaid Provider
16 Number 1980812. In turn, the Centers for Medicare and Medicaid (“CMS”), also a
17 public health care benefit program within the meaning of Title 18, United States
18 Code Section 24(b), reimbursed Medicaid, on quarterly basis, for one hundred
19 percent of the funds paid to the CCT.

20 II. The Health Care Benefit Programs

21 5. A “health care benefit program,” as defined by Title 18, United States
22 Code Section 24(b), includes any public or private plan or contract, affecting
23 commerce “under which any medical benefit, item, or service is provided to any
24 individual, and includes any individual or entity who is providing a medical
25 benefit, item, or service for which payment may be made under the plan or
26 contract.”

27 6. The Washington State Medicaid Program under Title XIX of the
28 Social Security Act and the Centers for Medicare and Medicaid (“CMS”) were

1 "health care benefit programs."

2 The Medicaid Program

3 7. The Medicaid program was created in 1962 under Title XIX of the
4 Social Security Act, 42 U.S.C. §§ 1396 et seq., whereby the United States shared
5 with the fifty States the cost of medical services provided to indigent families with
6 dependent children, and to aged, blind, and disabled individuals whose income and
7 resources were insufficient to meet the cost of medical services.

8 8. The Washington State Department of Social and Health Services -
9 Medicaid Payment Administration, (hereinafter "DSHS") administered the
10 Medicaid program in the State of Washington. DSHS handled all aspects of the
11 administration of the Medicaid program, including contracting with health care
12 providers, processing bills, conducting audits, and making payments to providers.

13 The Medicare Program

14 9. The Medicare program provides medical insurance benefits for
15 individuals typically aged 65 years or older and/ or certain disabled individuals.
16 Medicare Part A, the Basic Plan of Hospital Insurance, covers the cost of inpatient
17 hospital services and post-hospital nursing facility care. Medicare Part B, the
18 Voluntary Supplemental Insurance Plan, covers the cost of physician's services,
19 including services provided to patients who are hospitalized, if the services are
20 medically necessary and directly or personally provided by the physician.

21 10. The Medicare program is administered by the Centers for Medicare and
22 Medicaid Services ("CMS"), an agency of the United States Department of Health
23 and Human Services ("HHS"). CMS, in turn, contracts with private insurance
24 companies called "carriers" for Part B and "Fiscal Intermediaries" for Part A, who
25 in turn process and pay individual Medicare claims. The Medicare Part B program
26 is administered in Washington state by Noridian Government Services ("Noridian")
27 which, pursuant to its contract with HHS, receives, adjudicates, and pays claims

1 submitted by physicians/providers and suppliers of medical services.
2

3 **Washington Medicaid Mental Health and Indian Health Services**

4 11. Public Law 93-638, the Indian Self-Determination and Education
5 Assistance Act, provided the basic federal funding for Tribal health activities. In
6 Washington State, the American Indian Health Commission determined that Indian
7 health care was a federal trust responsibility. As such, the state match for American
8 Indian/American Native Medicaid enrollees by Indian health programs was zero
9 and 100 percent of funding for these services was derived from federal funds.

10 **III. Federal Jurisdiction**

11 12. The crimes of Health Care Fraud, in violation of Title 18, United
12 States Code Section 1347 alleged herein involve federal health care dollars which
13 were obtained by fraud against the administrators of those federal health care
14 dollars, the State of Washington Medicaid Plan and the source of those federal
15 dollars, the Centers for Medicare and Medicaid ("CMS"). Accordingly, this health
16 care benefit program was the victim of the alleged offenses and the United States
17 has jurisdiction pursuant to Title 18, United States Code Section 1152.

18 **IV. Billing Codes and Procedures**

19 13. Medical services were billed to health care benefit programs,
20 including Medicare and Medicaid, by using standard Current Procedural
21 Terminology ("CPT") codes. CPT codes provide a uniform language that
22 accurately describes medical, surgical, and diagnostic services which are billed to
23 government and private health insurance programs. The American Medical
24 Association annually publishes a CPT Manual, which sets forth the criteria to be
25 considered in selecting the proper codes to represent the services rendered.

26 14. When submitting a claim for reimbursement for services, medical
27 providers were required to use CPT codes to identify each procedure and service.
28 Providers were required to accurately list the CPT code that most completely

1 identified the procedures or services performed.

2 15. Under State law and the Washington State Medicaid Plan, services
3 provided through Indian Health Services ("IHS") and tribally-operated facilities
4 were paid at the "encounter rate." DSHS covered one mental health encounter per
5 client, per day. For purposes of the Tribal Health Program, DSHS defined a mental
6 health encounter as "a medically necessary, face-to-face contact between a mental
7 health provider and a client during which services are provided."

8 16. Medicaid set forth guidelines regarding payment for Indian Health
9 Services, including that Medicaid would not pay for services that were not deemed
10 to be medically necessary. Medically necessary services were defined in the
11 Washington Administrative Code ("WAC") as a requested service which was:

12 reasonably calculated to prevent, diagnose, correct, cure,
13 alleviate or prevent the worsening of conditions in the
14 client that endanger life or cause suffering or pain, or
15 result in illness or infirmity, or threaten to cause or
16 aggravate a handicap, or cause physical deformity or
17 malfunction. And further, that there is no other equally
18 effective, more conservative or substantially less costly
19 course of treatment available or suitable for the person
20 requesting service. For the purpose of this section,
21 "course of treatment" may include mere observation or,
22 where appropriate, no treatment at all.

23 WAC 388-500-005.

24 Additionally, Medicaid prohibited payment for subcontracted services
25 provided by any individual who was not the licensed and contracted vendor.

26 17. Claims were submitted to the Medicaid program by way of a Health
27 Insurance Claim Form 1500 ("HCFA-1500") which was later referred to as the

1 Center for Medicare and Medicaid Services (CMS)-1500 Form and its electronic
 2 equivalent. Providers submitted a CMS-1500 and its electronic equivalent form to
 3 the respective programs to document their claims for reimbursement. The claim
 4 form required submission of certain information relating to the services provided,
 5 including: patient information; type of service identified by a CPT code; a modifier
 6 to further describe such service, if applicable; date that the service was provided;
 7 charge for such service; diagnosis; and the name and/or provider National Provider
 8 Identifier (NPI) number of the performing physician.

9 V. Scheme to Defraud

10 18. Beginning on or about January 1, 2006, and continuing through on or
 11 about December 31, 2010, within the Eastern District of Washington, **DEBRA**
 12 **VAN BRUNT-OREIRO**, defendant herein, individually, and doing business as
 13 **ADJR COUNSELING SERVICES**, devised and intended to devise a scheme and
 14 artifice to defraud the Washington State Medicaid Program and CMS in order to
 15 obtain money in connection with the delivery of and payment for health care
 16 benefits, items and services, by means of materially false and fraudulent
 17 representations set forth in the claims she submitted for payment to the
 18 Confederated Tribes of the Colville Reservation, Tribal Health Program.

19 Purpose of the Scheme

20 19. The purpose of the scheme and artifice to defraud Medicaid was to
 21 enrich **OREIRO** and to defraud Medicaid and Medicare of money to which
 22 **OREIRO** was not entitled by making materially false and fraudulent
 23 representations to the CCT Tribal Health Program, who in turn submitted these
 24 materially false and fraudulent claims to Medicaid for payment based on those
 25 representations. Through this scheme and artifice to defraud, **OREIRO**, dba ADJR
 26 COUNSELING SERVICES, received approximately \$358,955 (three hundred and
 27 fifty eight thousand nine hundred and fifty five dollars) as payment for these
 28

1 materially false and fraudulent claims to Medicaid from the Colville Confederated
2 Tribe, Tribal Health Program, who, in turn, received \$1,060,118 (one million sixty
3 thousand one hundred and eighteen dollars) from Medicaid for payment on said
4 claims.

5 Manner and Means of the Scheme

6 20. It was part of the scheme and artifice to defraud that from on or about
7 January 1, 2006, and continuing through December 31, 2010, **OREIRO**, dba
8 ADJR COUNSELING SERVICES, obtained money from the CCT Tribal Health
9 Program, who in turn obtained money from the Medicaid and Medicare programs,
10 by: (a) submitting claims for reimbursement for mental health counseling services
11 that were not actually provided; (b) submitting claims for reimbursement for mental
12 health counseling services claimed to have been provided by **OREIRO** but which
13 were instead provided by unqualified and contractually prohibited individuals; and
14 (c) submitting claims for reimbursement for mental health counseling services that
15 were not medically necessary.

16 21. It was further part of the scheme and artifice to defraud that **OREIRO**,
17 dba ADJR COUNSELING SERVICES, falsely documented weekly billing
18 invoices submitted to the CCT that depicted charges for: (a) patient mental health
19 counseling encounters which were not provided; (b) patient mental health
20 counseling encounters claimed to have been provided by **OREIRO** but which were
21 actually provided by unqualified and contractually prohibited individuals; and (c)
22 patient mental health counseling encounters which were not medically necessary.

23 22. It was further part of the scheme and artifice to defraud that after
24 receiving **OREIRO**'s falsely documented weekly billing invoices, the CCT
25 Behavioral Health Unit's billing department would transfer **OREIRO**'s materially
26 false and fraudulent invoices for mental health services to a CMS-1500 claim form
27 and its electronic equivalent for submission to the Department of Social and Health
28

Services, Health and Recovery Services Administration (HRSA) for Medicaid reimbursement.

23. It was further part of the scheme and artifice to defraud that OREIRO, dba ADJR COUNSELING SERVICES, would conduct large group sessions consisting, at varying times, of as many as 25 to 31 children, and submit claims for these sessions as if she had conducted mental health encounters knowing full well that she provided no such service and that, even if she had, that such services were not medically necessary. In truth and in fact, these sessions were not clinically directed at addressing patients' diagnoses and had little to no clinical value to any of the patients' actual diagnoses.

24. It was further part of the scheme and artifice that **OREIRO**, dba ADJR COUNSELING SERVICES, would continue to treat children, often between four to six years of age, for several years with relatively no change in their respective diagnoses and in far excess of industry standards.

25. It was further part of the scheme and artifice that **OREIRO** would continue to treat patients who reported a general well being and were not in need of mental health counseling and fail to properly treat individuals who were among vulnerable populations in order to maximize her profits.

VI. Health Care Fraud

26. The Grand Jury repeats and realleges Paragraph 1-25 of this Indictment as if fully set forth in each of the substantive false statements relating to criminal health care fraud counts below.

COUNTS 1-21

27. That on or about January 1, 2006 and continuing to on or about December 31, 2010, in the Eastern District of Washington, **DEBRA VAN BRUNT-OREIRO**, defendant herein, individually, and doing business as ADJR COUNSELING SERVICES, knowingly and willfully executed and attempted to

1 execute the above-described scheme and artifice to obtain, by means of materially
 2 false and fraudulent pretenses, and representations, money owned by and under the
 3 custody and control of DSHS, a health care benefit program as defined in Title 18,
 4 United States Code, Section 24(b), in connection with the delivery of and payment
 5 for health care benefits, items and services by falsely representing the claimed
 6 services as follows:

COUNT	Approx. Date of Bill	Patient Initial	Amount Claimed	Amount Paid	Procedure Code
1	8/7/2007	FMB	\$256	\$256	Mental Health Encounter
2	9/5/2007	FMB	\$256	\$256	Mental Health Encounter
3	7/9/2008	LJB	\$253	\$253	Mental Health Encounter
4	7/10/2008	LJB	\$253	\$253	Mental Health Encounter
5	5/20/2008	DWJ	\$253	\$253	Mental Health Encounter
6	7/9/2008	DWJ	\$253	\$253	Mental Health Encounter
7	8/9/2007	OMK	\$256	\$256	Mental Health Encounter
8	7/10/2008	OMK	\$253	\$253	Mental Health Encounter
9	6/28/2007	OMK	\$256	\$256	Mental Health Encounter
10	3/26/2008	ORK	\$253	\$253	Mental Health Encounter

1	11	8/19/2009	ORK	\$268	\$268	Mental Health Encounter
2	12	7/25/2007	MSL	\$256	\$256	Mental Health Encounter
3	13	8/9/2007	MSL	\$256	\$256	Mental Health Encounter
4	14	7/11/2007	CNL	\$256	\$256	Mental Health Encounter
5	15	8/25/2009	CNL	\$268	\$268	Mental Health Encounter
6	16	7/23/2008	AGM	\$253	\$253	Mental Health Encounter
7	17	7/30/2008	AGM	\$253	\$253	Mental Health Encounter
8	18	7/29/2009	DAM	\$268	\$268	Mental Health Encounter
9	19	8/26/2009	DAM	\$268	\$268	Mental Health Encounter
10	20	05/12/2008	DMR	\$253	\$253	Mental Health Encounter
11	21	7/30/2008	DMR	\$253	\$253	Mental Health Encounter
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1 all in violation of 18 U.S.C. § 1347(2).

2 DATED this 22 day of February, 2012.

3
4 A TRUE BILL
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7 Foreperson
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9 Michael C. Ormsby
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Michael C. Ormsby
United States Attorney

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K. Jill Bolton
Assistant United States Attorney